

## **EXHIBIT C**

- 1 -

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 09-10156-alq

4 | Adv. Case No. 09-01198-alq

6 In the Matter of:

7 TRONOX INCORPORATED, et al.,

8 | **Debtors.**

10 TRONOX INCORPORATED, et al.,

11 Plaintiffs,

12 -against-

13 ANADARKO PETROLEUM CORPORATION, et al.,

14 Defendants.

16 U.S. Bankruptcy Court

17 One Bowling Green

18 | New York, New York

19

20 August 10, 2010

21 | 11:11 AM

22

23 | B E F O R E:

24 HON. ALLAN L. GROPPER

25 U.S. BANKRUPTCY JUDGE

- 2 -

1  
2 Status Conference  
3

4 HEARING re Motion Filed by Plaintiff to Extend All Deadlines in  
5 the Case Management Order and Discovery Protocol (Adv.  
6 Proceeding 09-01198)

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

25 Transcribed by: Sharona Shapiro

- 3 -

1

2 A P P E A R A N C E S :

3 KIRKLAND & ELLIS, LLP

4 Attorneys for Debtors

5 601 Lexington Avenue

6 New York, NY 10022

7

8 BY: JONATHAN S. HENES, ESQ.

9

10

11 KIRKLAND & ELLIS, LLP

12 Attorneys for Debtors

13 300 North LaSalle

14 Chicago, IL 60654

15

16 BY: PATRICK J. NASH, ESQ.

17 JEFFREY J. ZEIGER, ESQ.

18

19

20 TOGUT, SEGAL & SEGAL, LLP

21 Conflicts Counsel for the Debtors

22 One Penn Plaza

23 New York, NY 10119

24

25 BY: KATHERINE J. WEALL, ESQ.

- 4 -

1  
2 KRAMER LEVIN NAFTALIS & FRANKEL, LLP

3 Attorneys for Colorado River Authorities  
4 1177 Avenue of the Americas  
5 New York, New York 10036

6

7 BY: P. BRADLEY O'NEILL, ESQ.

8

9

10 LOWENSTEIN SANDLER PC  
11 Attorneys for Lead Plaintiffs, LaGrange Entities??.  
12 65 Livingston Avenue  
13 Roseland, NJ 07068

14

15 BY: IRA M. LEVEE, ESQ.

16

17

18 MILBANK TWEED HADLEY MCCLOY LLP  
19 Attorneys for Ad Hoc Committee of Noteholders  
20 601 South Figueroa Street,  
21 30th Floor  
22 Los Angeles, CA 90017

23

24 BY: ROBERT C. SHENFELD, ESQ.

25

VERITEXT REPORTING COMPANY

212-267-6868

[www.veritext.com](http://www.veritext.com)

516-608-2400

- 5 -

1

2 PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

3 Attorneys for Official Committee of Unsecured Creditors

4 1285 Avenue of the Americas

5 New York, NY 10019

6

7 BY: BRIAN S. HERMANN, ESQ.

8

9

10 PILLSBURY WINTHROP SHAW PITTMAN LLP

11 Attorneys for Committee of Equity Security Holders

12 1540 Broadway

13 New York, NY 10036

14

15 BY: DAVID A. CRICHLLOW, ESQ.

16 KAREN B. DINE, ESQ.

17

18

19 NEVADA OFFICE OF THE ATTORNEY GENERAL

20 Attorneys for NDEP

21 100 North Carson Street

22 Carson City, NV 89701

23

24 BY: CAROLYN TANNER, ESQ.

25 (TELEPHONICALLY)

- 6 -

1

2 UNITED STATES DEPARTMENT OF JUSTICE

3 United States Attorney's Office

4 86 Chambers Street

5 New York, New York 10007

6

7 BY: TOMOKO ONOZAWA, AUSA

8 JOSEPH A. PANTOJA, AUSA

9 ROBERT YALEN, AUSA

10

11

12 WEIL, GOTSHAL & MANGES LLP

13 Attorneys for Anadarko Petroleum Corporation

14 and Kerr-McGee

15 700 Louisiana,

16 Suite 1600

17 Houston, TX 77002

18

19 BY: LYDIA T. PROTOPAPAS, ESQ.

20 MELANIE GRAY, ESQ.

21

22

23

24

25

TRONOX INCORPORATED, et al.

- 7 -

1 P R O C E E D I N G S

2 THE COURT: -- Tronox from those in the courtroom.

3 Then I'll take appearances from anyone on the phone who wishes  
4 to appear.

5 MR. HENES: Good morning, Your Honor. John Henes,  
6 Kirkland & Ellis on behalf of Tronox.

7 MR. NASH: Pat Nash, Kirkland & Ellis on behalf of the  
8 debtor, Tronox.

9 MR. ZEIGER: Jeffrey Zeiger, Kirkland & Ellis on  
10 behalf of Tronox.

11 MR. PANTOJA: Joseph Pantoja from the U.S. Attorney's  
12 Office on behalf of the government.

13 MR. ONOZAWA: Tomoko Onozawa from the U.S. Attorney's  
14 Office on the government's behalf.

15 MR. YALEN: Rob Yalen, U.S. Attorney's Office on  
16 behalf of the United States.

17 MS. GREENBLATT: Nicole Greenblatt from Kirkland &  
18 Ellis on behalf of Tronox.

19 MR. HERMANN: Good morning, Your Honor. Brian Hermann  
20 for the creditors' committee from Paul Weiss.

21 MR. CRICHLLOW: Good morning, Your Honor. David  
22 Crichlow on behalf of the equity committee from Pillsbury  
23 Winthrop Shaw Pittman.

24 MS. DINE: Your Honor, Karen Dine also from Pillsbury  
25 Winthrop on behalf of the equity committee.

- 8 -

1 MR. O'NEILL: Your Honor, Brad O'Neill, Kramer Levin  
2 on behalf of the Colorado River Authorities.

3 MS. GRAY: Melanie Gray and Lydia Protopapas on behalf  
4 of Anadarko and Kerr-McGee.

5 THE COURT: Anyone else wish to appear?

6 (No response)

7 THE COURT: All right, on the telephone, anybody wish  
8 to appear?

9 MS. TANNER: Good morning, Your Honor. This is  
10 Carolyn Tanner in the Attorney General's Office on behalf of  
11 Nevada Division of Environmental Protection.

12 THE COURT: Anyone else?

13 (No response)

14 THE COURT: All right, go ahead, Mr. Henes.

15 MR. HENES: Thank you, Your Honor. Your Honor, we  
16 have a relatively simple agenda today.

17 THE COURT: A lot of people are here for a very simple  
18 agenda --

19 MR. HENES: That happens.

20 THE COURT: -- but that's fine.

21 MR. HENES: I think that's good news. I think when  
22 you start to get momentum to the end you start seeing more and  
23 more people show up. That's my hope, at least.

24 I'm going to let Mr. Zeiger stand up in a moment to  
25 talk about the discovery issues with Anadarko and how they were

TRONOX INCORPORATED, et al.

- 9 -

1 resolved. I just want to give you a very brief status of the  
2 case right now which is not going to be a lot of details.

3 Today's hearing was supposed to be a disclosure  
4 statement hearing. As you know, we adjourned that until  
5 September 16th. The reason we adjourned that is we've made a  
6 significant amount of progress towards a deal. We're still  
7 discussing and negotiating some of the fine points, and as a  
8 result we really can't publicly state exactly where we are  
9 because we don't want information getting out into the market  
10 that could change. But we are optimistic that we're going to  
11 get it done. We have a meeting today back at our offices when  
12 the hearing's over. Hopefully we'll hammer out some more of  
13 the details and hopefully we'll have something public to  
14 announce very shortly. So that's really the status update. I  
15 can give you more but I really --

16 THE COURT: No, I don't. I'll be here on September  
17 16th --

18 MR. HENES: As will we.

19 THE COURT: -- and the hearing has been adjourned. We  
20 have a very limited calendar today.

21 I received an ex parte application on the part of  
22 Anadarko and Kerr-McGee to file their tome in opposition to the  
23 disclosure statement partially under seal, which I denied. And  
24 that's on the record. And I certainly hope that they will be  
25 one of the many parties that you will discuss the disclosure

- 10 -

1 statement with, as is practice in connection with all  
2 disclosure statements, so that the disclosure statement is  
3 informative but relatively neutral. And obviously a disclosure  
4 statement can very readily state parties' differing opinions on  
5 pending litigation. That has never, in my experience,  
6 prevented an appropriate and properly informative disclosure  
7 statement from being approved by the Court, saving litigation  
8 for a different forum and a different time.

9           But you now have another month to hopefully bring some  
10 of this together and I'll -- do we have a new deadline for  
11 objections to the disclosure statement? I assume that the  
12 notice of adjournment had that date, but if it doesn't that's  
13 something that probably should be set.

14           MR. HENES: Yes.

15           THE COURT: And hopefully the deadline will be a  
16 little longer this time --

17           MR. HENES: Yes.

18           THE COURT: -- because I know when you made the motion  
19 the first time you were compressed in terms of time. But  
20 obviously the more time there is the more time there is for you  
21 to discuss with parties any fine tuning that may be useful in  
22 connection with the disclosure statement. And clearly, nobody  
23 has to file an objection to a disclosure statement on the  
24 docket. They can send the debtors any riders, any amendments  
25 they think are appropriate and the matter hopefully can be

TRONOX INCORPORATED, et al.

- 11 -

1 worked out.

2 MR. HENES: Yes, Your Honor. And that's our hope.

3 We'll work with everybody that --

4 THE COURT: That's pretty standard practice, at least  
5 in this part of the country, and I'm sure it will work in this  
6 case as well as in other cases.

7 MR. HENES: Thank you, Your Honor. I will -- I'm  
8 going to sit down --

9 THE COURT: Well, let me ask, does anybody wish to be  
10 heard with regard to the status of the matter generally?

11 MR. CRICHLLOW: Yes, Your Honor. David Crichlow,  
12 Pillsbury Winthrop Shaw Pittman on behalf of the equity  
13 committee, and we do wish to be heard. One other thing that  
14 the Court should be aware of and consider with respect to  
15 status is I'm happy to hear Mr. Henes report, again, that  
16 they're making considerable progress towards reaching a plan  
17 and a consensual deal. We are not aware of what that progress  
18 is because the current incarnation of what's being discussed we  
19 haven't been involved in the discussions. But we remain  
20 hopeful that we have approached the debtor, it's clear to them  
21 and we've made clear in this court before that we continue to  
22 work on an alternative plan and proposals that, as best we can  
23 tell, without getting into detail, currently track a structure  
24 that they are discussing now.

25 And we're hopeful that if we can have constructive

- 12 -

1 discussions then perhaps we may be able to reach a fully  
2 consensual conclusion to this case. But if that is not the  
3 case and if the equity committee determines that the new plan  
4 that is going to be proposed does not fairly provide a  
5 distribution equity for which we think we would be entitled, we  
6 would then be moving to terminate exclusivity, which is going  
7 to terminate by statute on September 13th. What we would want  
8 to be filing, we would probably want to bring that on an  
9 expedited basis and be able to file our disclosure statement so  
10 that a hearing could happen within close confines to the  
11 debtors' hearing on its disclosure statement. And we wanted to  
12 give the Court a head's up. The reason we have not done that  
13 is we want to continue to move toward a constructive  
14 resolution.

15 And what we should let the Court know is we've made a  
16 proposal. We won't get into detail about it because Mr. Henes  
17 has not gotten into detail about his, but I can report in open  
18 court that our proposal does have its equity financing locked  
19 up and we think it's more value additive and we're going to  
20 continue to talk to the debtors. But I did want the Court to  
21 be aware, procedurally, of what we may be bringing on if we are  
22 not able to reach a consensual resolution with the parties.

23 THE COURT: Well, I certainly endorse the concept of a  
24 consensual resolution. I'm sure the debtors do too. Sometimes  
25 that is difficult to reach. But you mentioned procedure. It

TRONOX INCORPORATED, et al.

- 13 -

1 seems to me that in order to keep my calendar functioning in a  
2 manner that satisfies all interested parties, that it would  
3 probably be a good idea before any motions are filed for there  
4 to be a telephone call or perhaps a chambers conference among  
5 the most directly interested parties at which any motions for  
6 relief are scheduled and we can keep the procedures in  
7 reasonable order.

8 MR. CRICHLOW: We are happy to do that, Your Honor --

9 THE COURT: I think that might --

10 MR. CRICHLOW: -- and thanks for your guidance.

11 THE COURT: -- that might be a good idea. All right.

12 Now shall we proceed -- anyone else?

13 (No response)

14 THE COURT: Shall we then proceed to the motion that  
15 is on the calendar today?

16 MR. ZEIGER: Thank you, Your Honor. Good morning,  
17 Your Honor. Jeffrey Zeiger on behalf of Tronox, and I believe  
18 Ms. Gray is going to join me as well.

19 THE COURT: She has moved from the back of the court  
20 where she always sits to the front of the court. I think we  
21 can give her a standing invitation to sit at the front of the  
22 court if she wishes to and I don't think there will be any  
23 concession thereby that she's either sitting on the debtors'  
24 side, the committee's side or anyone else's side. All right.

25 MR. ZEIGER: Well, Your Honor, in the great tradition

- 14 -

1 of this case the parties traded proposals as late as 1 a.m.  
2 last night and reached an agreement on a new schedule in the  
3 hallway about three minutes before the hearing began. The  
4 government is on board, the defendants are on board, and Tronox  
5 is on board. So we apologize to the Court to the extent --

6 THE COURT: No --

7 MR. ZEIGER: -- you spent time reading our pleadings  
8 on this, which I'm sure you did, but nothing like a deadline to  
9 bring a little reasonableness on all sides to the discussion.

10 THE COURT: Well, the pleadings are relatively short.  
11 I should say the pleadings relative to this particular motion  
12 are relatively short. And I gather that, just so we can be  
13 certain because we don't want to have a play without Hamlet,  
14 that the government will be able to produce the documents that  
15 have been requested on the schedule. I think it's the  
16 government who really should be heard from here. But tell me  
17 what your agreement is because you tell me the government has  
18 agreed.

19 MR. ZEIGER: I will and then obviously they can -- Ms.  
20 Grey or the government can be heard as well on this. But  
21 subject to certain caveats that I'll explain in a moment, the  
22 government will substantially complete its document production  
23 by November 1, 2010 -- this November 1.

24 THE COURT: I think we should use years as well as  
25 dates.

TRONOX INCORPORATED, et al.

- 15 -

1           MR. ZEIGER: I think it's better to be clear on these  
2 points. The government will produce -- substantially complete  
3 its document production in accordance with the applicable  
4 federal rules and in accordance with your order on the motion  
5 to compel which is scheduled to be heard on September 16, 2010.  
6 That should not be taken as a sign that we're not going to  
7 reach agreement on that too. Everybody's working  
8 constructively towards trying to get an agreed set of documents  
9 that the government will provide and hopefully take some of  
10 these issues, again, off the Court's plate. To the extent the  
11 government doesn't hit that deadline, defendants shall be  
12 entitled to reopen this schedule and also seek whatever relief  
13 they want to seek from Your Honor.

14           THE COURT: All right.

15           MR. ZEIGER: The other core substantive issue that  
16 defendants raised with respect to our proposal was that they  
17 felt a little jammed on the expert related issues in the case.  
18 And I think that was a fair concern based on the current  
19 schedule. To alleviate that, on Saturday we sent them a list  
20 of 2,801 sites that our environmental expert is currently  
21 considering, so they now have a list of the specific sites that  
22 as of today will be included in our environmental report.  
23 We'll do the same for our tort expert and also give them  
24 descriptions of the other liabilities that we'll then roll up  
25 into our solvency analysis.

- 16 -

1           In exchange -- let me -- one other thing we've agreed  
2       to, we will give them additional time to respond to our expert  
3       report, I think about another three weeks, up to sixty days to  
4       respond to our expert report. In exchange for that they agree  
5       to not seek additional time on the expert discovery schedule,  
6       our expert report schedule, to the extent we comply with our  
7       obligations to keep them informed of what sites are being  
8       included in the analysis on a real-time basis. To the extent  
9       we don't do that they can seek additional time --

10           THE COURT: 2,081 isn't enough?

11           MR. ZEIGER: Well, I didn't say they would all remain.  
12       They may go up, they may go down. But we've agreed to do is  
13       tell them kind of on a real-time basis which ones are in and  
14       which ones are out. I frankly think it's more than enough but  
15       we can save the merits and the tomes for another day.

16           THE COURT: All right.

17           MR. ZEIGER: The defendant's -- one other caveat on  
18       the defendant's agreement. They won't seek to get additional  
19       time to respond to the reports based on the size of the reports  
20       or the number of sites, but if there is some truly unforeseen  
21       circumstances that comes up they have the ability to ask Your  
22       Honor for additional time.

23           And I think I've summarized all this accurately.  
24       That puts us on target after a dispositive motion period for a  
25       early December 2010 trial date. And we will submit an order

TRONOX INCORPORATED, et al.

- 17 -

1 setting forth all of this to chambers.

2 THE COURT: All right. Ms. Gray?

3 MS. GRAY: Thank you, Your Honor. Mr. Zeiger  
4 accurately represented the agreement that we were able to reach  
5 at the last minute and we appreciate that. We're sorry that  
6 we're now in August and still don't have what we consider to be  
7 the vast majority of the documents that will really be the  
8 heart of these environmental liabilities that the Court has  
9 either heard or read so much about.

10 The case management orders have been aggressive at the  
11 insistence of Tronox and the government, and we have complied  
12 with all of our obligations at a huge expense with regard to  
13 the documents that we have produced. And I hope that we won't  
14 be back in front of the Court after November 1st with a  
15 situation that we're in today where the government has not  
16 complied with its obligations under an existing order of the  
17 Court.

18 The only slight modification to what Mr. Zeiger  
19 represented is actually the time between their report and ours  
20 is sixty-two days, not sixty, but I'm sure that that was just  
21 an oversight. We have agreed on specific dates so that will be  
22 contained in the order.

23 But you know, if we are back in front of this Court  
24 after November 1st and the government hasn't complied with its  
25 obligations just we'll inform the Court we will be seeking

- 18 -

1       sanctions because of the delay and the prejudice and the cost  
2       that Anadarko and Kerr-McGee have incurred as a result of this  
3       litigation having to be extended by virtue of the fact that we  
4       haven't been provided with the documents that were requested,  
5       I want to say over a year ago. But thank you, Your Honor.

6                  THE COURT: All right, thank you.

7                  Anyone else?

8                  MR. YALEN: Good morning, Your Honor. Robert Yalen  
9       for the United States. Mr. Zeiger did describe accurately what  
10      we would agree to in a new case management order. Obviously,  
11      we have been undertaking great efforts to produce significant  
12      documents in response to the very broad requests of Anadarko.  
13      And if there is no settlement of the motion to compel which is  
14      pending before Your Honor, certainly our opposition to that  
15      motion will explain how in fact their challenges are off base.

16                  That said, there are a lot of documents at issue in  
17      this case all around the country, paper and electronic. And we  
18      believe that we can substantially complete production by the  
19      date mentioned by Mr. Zeiger.

20                  I suppose it goes without saying, but I'll say anyway  
21      that by agreeing in the case management order that Anadarko  
22      would have the right to seek such sanctions as it wants to seek  
23      if this order is not met, we obviously do not agree that any  
24      sanctions would be warranted. We think we've behaved with the  
25      utmost reasonableness and aggressiveness, in fact, in producing

TRONOX INCORPORATED, et al.

- 19 -

1 documents that they have asked for. But we believe the new  
2 substantial completion date is workable.

3 THE COURT: Well, I'm glad to hear that. I would only  
4 comment that I would hope the parties would spend more time  
5 producing documents than litigating a document production  
6 motion. However, if the motion involves categories that the  
7 proponent wants and that the subject of the demand believes to  
8 be too burdensome or otherwise improper, well, that's an issue  
9 that perhaps should be decided sooner rather than later if  
10 that's the issue. If the issue is not scope but timing --  
11 well, I assume at this point it would have to be a question of  
12 scope, is that right?

13 MR. YALEN: Well, I -- you know, I don't mean to --  
14 pre --

15 THE COURT: But -- or I don't know.

16 MR. YALEN: -- pre-argue their motion. I --

17 THE COURT: I'll leave that for another day.

18 MR. YALEN: I believe there are scope -- there may be  
19 scope issues, but as Mr. Zeiger has mentioned there are  
20 discussions and we hope to resolve any scope issues.

21 THE COURT: All right.

22 MR. YALEN: And the timing issues, I can only assure  
23 the Court that we are pursuing the project as fast as possible.

24 THE COURT: All right. Well, I'll enter an  
25 appropriate order and look forward to receiving that from the

- 20 -

1 parties.

2 Anyone else?

3 (No response)

4 THE COURT: All right, thank you. And I'm delighted  
5 you were able to reach this point and give you full cart  
6 blanche to reach any further agreements even if it's only two  
7 minutes before a hearing.

8 MR. ZEIGER: Thank you, Your Honor.

9 THE COURT: Thank you.

10 (Proceedings concluded at 11:30 AM)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- 21 -

1

I N D E X

3

4

RULINGS

5

Page Line

6

Plaintiffs' motion to extend all

19 24

7

deadlines in the case management

8

order and discovery protocol approved

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

